

Chatham & Clarendon Grammar School

(A company limited by guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2016

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Chatham & Clarendon Grammar School
(A company limited by guarantee)

Contents

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 9
Governance statement	10 - 12
Statement on regularity, propriety and compliance	13
Statement of trustees' responsibilities	14
Independent auditors' report on the financial statements	15 - 16
Independent reporting accountant's assurance report on regularity	17 - 18
Statement of financial activities incorporating income and expenditure account	19
Balance sheet	20
Statement of cash flows	21
Notes to the financial statements	22 - 39

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Reference and Administrative Details of the Academy trust, its trustees and Advisers
For the Year Ended 31 August 2016

Members	Mr. R.A. Bath Mr. D.D. Harris Mrs. J. King Mr. J. Waker
Trustees	Mr. R.A. Bath, Chair of Trustees Mr. S. Wren, Chair of Finance & Resources ¹ Mr. D.D. Harris, Responsible Officer ² Mr. D. Gullick ¹ Mr. W. Hammond Mrs. R. Hewett, Staff Trustee Mrs. J. King ² Mr. J. Laven, Staff Trustee ¹ Mrs. D. Liddicoat, Headteacher ¹ Ms. C. Togher ¹ Ms. C. Tonkin Jukes, Staff Trustee Ms. R. Travers Mr. J. Waker ¹ Mr. R. Walton ² ¹ members of the Finance and Resources Committee ² members of the Audit Committee
Company registered number	07455452
Company name	Chatham & Clarendon Grammar School
Principal and registered office	Chatham Street Ramsgate Kent CT11 7PS
Company secretary	Mr. C. Freeman
Chief executive officer	Mrs. D.J. Liddicoat
Senior management team	Mrs. D. Liddicoat, Headteacher Mr. M. Moody, Head of 6th Form Mr. C. McFarlane, Deputy Headteacher - Upper School Mr. C. Goodwin, Deputy Headteacher - Lower School Mr. C. Bowman, Assistant Headteacher Mrs. K. Parkins, Assistant Headteacher Mr. C. Freeman, Business Manager
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants Registered Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ
Bankers	Lloyds Bank plc 3 Queen Street Ramsgate Kent CT11 7PS

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Reference and Administrative Details of the Academy trust, its trustees and Advisers
For the Year Ended 31 August 2016

Advisers (continued)

Solicitors

Furley Page LLP
39 St Margaret's Street
Canterbury
Kent
CT1 2TX

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Trustees' Report
For the Year Ended 31 August 2016

The trustees present their annual report and auditors' report of the School for the year ended 31 August 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust (hereafter referred to as "the School") was incorporated on 30 November 2010 as a company limited by guarantee and an exempt charity. The School's memorandum and articles of association are its primary governing documents.

The trustees of Chatham & Clarendon Grammar School are also the directors of the School for the purposes of company law.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page one.

As from 1 September 2013 the School changed its name and status from "The Chatham & Clarendon Grammar School Federation" to Chatham & Clarendon Grammar School, following the merger of the two individual schools into one combined school.

Members' liability

Each member of the School undertakes to contribute to the assets of the School in the event of it being wound up while they were a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' indemnities

The School maintains trustees' and officers' liability insurance which gives appropriate cover for any legal action brought against its Trustees. The School has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as trustees or officers of the School.

Details of the insurance cover are provided in note 11 to the financial statements.

Method of recruitment and appointment or election of trustees

The School has determined that there will be 16 trustees (directors) on the Board in the following categories:

- Five trustees appointed by members;
- Four staff trustees consisting of the Headteacher, plus three staff trustees who are elected by the staff at the school. Employees of the School must not exceed one third of the total number of trustees;
- Four parent trustees who shall be elected by the parents/carers of registered students at the school. The elected parent trustee must be a parent/carer of a registered student at the school at the time when he or she is elected; and
- Three trustees co-opted by the Board of trustees.

A trustee's term of office is four years; this does not apply to the Headteacher.

The trustees shall each school year, at their first meeting in that year, elect a chairman and a vice-chairman from among their number. A trustee who is employed by the School shall not be eligible for election as chairman or vice-chairman.

The trustees who were in office at 31 August 2016 and served throughout the year, except where shown, are listed on page one.

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new trustees will be given a tour of the schools and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. As there are normally only two or three new trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2016

Organisation structure

The management structure consists of three levels: trustees, the Senior Management Team (SMT) and Pastoral/Curriculum Managers. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the School by the use of budgets and making major decisions about the direction of the School, capital expenditure and senior staff appointments. They do this through their structure which consists of four committees: the Curriculum and Welfare Committee; the Audit Committee; the Pay Committee and the Finance & Resources Committee. The trustees, the members and the committees met every term (except Audit – three times and Pay – twice) during the 2015/2016 academic year.

The Senior Management Team are the Headteacher, two Deputy Headteachers, Head of 6th form, two Assistant Headteachers and the Business Manager. These managers control the School at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group, the Senior Management Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Management Team always contain a trustee. Some spending control is devolved to members of the Management Team, with limits above which a Senior Manager must countersign.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the academy trust comprise the trustees and senior leadership team as disclosed on page 1.

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the board of trustees, after taking advice from the Headteacher and following guidance from the relevant professional pay review bodies. Naturally the Headteacher was not involved in setting their own remuneration.

Only staff trustees, including the Headteacher, are remunerated and these individuals only receive remuneration in respect of their roles within school (as per their contracts of employment), and not in respect of their role as trustees. Specific disclosures concerning staff trustees' remuneration is included in note 12.

The day to day management of the remuneration policy is delegated to the Headteacher and monitored by the finance and resources committee. All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board of trustees.

Remuneration of key management personnel is set at an individual level, and where possible the trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked to pay spines, helping trustees conclude that each individual is remunerated at an appropriate level. As such salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution at specific approved rates.

The board always bear in mind the charitable status of the academy trust and in recognition of the fact the trust receives funding under a funding agreement with the Secretary of State for Education. It ensures the remuneration paid to senior management personnel never exceeds a reasonable amount and that it provides value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 10.

Risk management

The trustees have considered the major risks to which the School is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the School and its finances. The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, buildings and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The School maintains a Risk Register which is reviewed regularly by the trustees and senior management. The School also has an effective system of internal financial controls and this is explained in more detail in the following statement. The major risks are:

- failure to successfully recruit and retain students;
- changes to Government policy on Education Funding;
- changes to Education priorities by the Government;
- loss of a key member of the Senior Leadership Team;
- impact of an uncontrollable event, e.g. fire or flood;
- major injury or a Health & Safety issue or environmental incident; and
- changes to Pension policy or funding for the TPS and LGPS.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2016

Connected organisations, including related parties

There is a Parent/Teacher Association, called the Friends of Chatham & Clarendon Grammar School, charity registration no. 283471, and commonly known as Friends of CCGS.

The school is also a founder member of BRESIC (Broadstairs and Ramsgate Ethos School Improvement Company) a collaborative trading partnership with five other church schools whose main aim is to share good practice in teaching and learning and achieve economies of scale in procuring goods and services.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the School is to provide high quality education for students of different abilities between the ages of 11 and 19. A more detailed summary is provided in the school prospectus (and on the website).

In accordance with the articles of association the School has adopted a "Scheme of Government" (Funding Agreement) approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the School, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

Objectives, strategies and activities

The main objectives of the School during the year ended 31 August 2016 are summarised below:

- to ensure that every student enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all students;
- to improve the effectiveness of the School by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with primary schools, industry and commerce; and
- to conduct the School's business in accordance with the highest standards of integrity, probity and openness.

The School's main strategy is encompassed in its mission statement which is: *'Our school strives for excellence in everything we do to fulfil the potential of all students'*. Our school exists to identify and develop the full potential of each student, to equip them with the skills and the qualifications they need to achieve their ambition, whatever that may be. We have a very strong track record of examination success at GCSE and Advanced Level. A high proportion of our students go on to Higher Education, usually securing places at their first choice university. A fuller explanation of our key values and purposes is set out in the School prospectus which is on the School's website but is also available as a hard copy on request. To this end the activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff, and especially teaching staff;
- secondments and placements of students with industrial and commercial partners;
- a programme of sporting and after school leisure activities for all students;
- a wide selection of after school clubs to allow students to explore science, technology and engineering in a practical and project oriented way;
- a careers advisory service to help students obtain employment or move on to higher education;
- co-operation and sharing good practice with other local schools.

Public benefit

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The trustees believe that the School's educational object and aims are demonstrably to the public benefit.

Amongst the benefits brought to the wider community by the School are:

- Use of the Astro turf at Chatham House;
- Use of the halls by local community groups;
- Inviting primary school pupils to special events such as greenpower or science days;
- Sixth formers visit local primary schools with mentoring schemes, literacy and numeracy support;
- Sixth form assistance in charity shops;
- Sixth form support in libraries;
- Sports coaching;
- Assistance in hedgerow planting scheme; and
- Help with local youth organisations.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2016

Equal opportunities

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The School aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

Lifts and disabled toilets are installed in the CCVI centre and Beresford Road Science Block. Chatham House has stair lifts on its main staircase. The policy of the School is to support recruitment and retention of students and employees with disabilities. The School does this by making reasonable adjustment to the physical environment where possible, by making support resources available and through training and career development.

The School makes reasonable adjustments to ensure they are able to admit students with varying levels of disabilities within the constraints of the buildings and other resources available to it.

STRATEGIC REPORT

Achievements and performance

Total students in the year ended 31st August 2016 numbered 855 pre 16 and 462 16-19 (1,317 in total). The current PAN is 180 and in September 2016 we enrolled 180 Years 7s and 281 Year 12s.

In September 2014 the school had its first OFSTED Inspection since it was amalgamated. The outcome of the inspection, which was graded overall as GOOD, is summarised below:

- 1) School leaders and governors have successfully steered the school through a turbulent period, with the merging of the two grammar schools. Their commitment and skill have ensured that student achievement has continued to rise during this period of challenge and change.
- 2) As a result of good leadership, the school is a harmonious and happy place. Students are proud to wear the uniform, and staff morale is high. One staff member wrote, 'I am very proud to be a member of staff in this school.'
- 3) Behaviour and safety are good. Students are welcoming and courteous to visitors. Their conduct and manners are impeccable. They feel safe and respond to the demands of multi-site school with maturity and care for each other.
- 4) Teaching is good because teachers have a passion for their subject and plan interesting and engaging activities where students learn and achieve well. Relationships are strong and there is a very positive atmosphere in classrooms.
- 5) Achievement is good. Students make good progress and attain well in almost all subjects. Boys' progress is improving rapidly and is now close to matching that of girls.
- 6) The sixth form is good. Students like the range of subjects offered, the personalised support and the good teaching, which helps them learn and achieve. They are excellent role models for younger students to follow.
- 7) Students enjoy and participate enthusiastically in a wide range of house events and artistic, sporting and cultural pursuits available to them.

Examination results for 2015/16 were again outstanding with an increase in the proportion of higher grades. This year saw 97.2% of our students achieving 5+ A*-C including Maths and English (96.9% for the previous year). 47.4% of all grades were A* or A.

At 'A' level the overall pass rate was 99.1% and 61.8% of these was the higher grade A*-B (99.4% and 52.4% respectively last year). The Average point score rose significantly to 380 per student (357 last year). A full report of the public exam results and destinations of the sixth form leavers is published on the website.

To ensure that standards are continually raised the School operates a programme of observation of lessons; is visited regularly by inspectors and school improvement partners; undertakes a comparison of results from entry to Key Stage 3 to GCSE and from GCSE to A-level to assess the added value. The School also participates in national programmes looking at added value through the key stages.

The School monitors the destination of its leavers, the vast majority of our students progress to higher education attending some of the top universities in the country and Europe.

Most students in Year 10 were able to participate in a weeks work experience and in Year 12 and 13 all students had the opportunity to participate in one afternoon each week of sport activities or work experience.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2016

The School plays an active part in the local community including sporting activities, fund-raising for charities and much more. The School is a local hub school for Gifted & Talented provision. It offers the full national curriculum for Year 7 to Year 11. The Sixth Form offers over 30 Level 3 courses (A levels and vocational courses). The School has an outstanding record of assisting students into higher education and for some years has had no 'NEETS'. The established House system, supported by sixth form prefects, regularly donate money to a range of local and national charities. (Full details are published in the School newsletters and also on the website).

Staff achievements: The School has strong links with local higher education teacher-training establishments. Inset funds are made available to support a thorough CPD programme. A member of staff is employed to provide careers advice, organise a work experience programme and provide support for students going to university. The school also offers students and staff the opportunity to train as teachers of EFL and to learn sign language in order to be able to communicate with the deaf and hard of hearing.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Key financial performance indicators

Pupil numbers at Y7 increased significantly in 2015/16 and it is hoped this trend will continue in future years by the School continuing to improve its provision for students, thereby increasing education funding.

Staff costs to income at the end of the period was a ratio of 81.1%, compared to 71.6% in 2015. This figure has increased significantly due to the changes to the Teachers Pension Employer contributions and NHI Employer contributions.

Financial review

Most of the academy trust's recurrent income is obtained from the EFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA").

During the year ended 31 August 2016 the trust received total income of £8.2m. This was an increase on the prior year income of £7.3m mainly as a result of £1.48m capital funding including £1.45m Condition Improvement Funding for major refurbishment works at the school which remain in progress at the date of this report. If it were not for this capital income, which is recognised in full on entitlement whether it has been spent or not, incoming resources would have fallen, partially due to a £518k (8%) reduction in core General Annual Grant (GAG) funding.

The total income was sufficient to cover expenditure of £7.96m, leaving net income for the year of £246k, as shown on the SoFA.

Due to the capital grant income the restricted fixed asset fund shows a surplus for the year of £691k; the only expenses included in this fund are depreciation charges of £791k, a non-cash movement which writes off the cost of capitalised assets, and notably the school buildings, over their useful lives.

The result for the year on unrestricted funds was a surplus of £87k. The SoFA shows a deficit of £533k on restricted funds, however it needs to be noted that accounting convention requires certain non-cash FRS 102 Local Government Pension Scheme (LGPS) movements, over which the trust has no control, to be charged against costs of charitable activities within the SoFA, and so this £532k deficit includes £256k of such pension charges. Before these this deficit would have been £276k, and this represents the restricted revenue result for the year, which was broadly in line with expectations.

The combined revenue result for the year, both restricted and unrestricted, is therefore a deficit of £189k. After revenue contributions to capital, shown as fund transfers, of £82k, the revenue deficit would have been £271k. A further deficit is forecast for 2016/17, which will be funded by reserves, and after that we expect to restructuring to make a positive impact.

These non-cash LGPS charges are only part of the overall movement of £1.45m in the LGPS liability; the total movement includes an exceptional actuarial loss of £1.19m shown at the foot of the SoFA. This actuarial loss, despite its size, is not alarming - it is an accounting adjustment to estimate, as a point in time, the potential pension scheme liabilities. This year the actuary who has calculated the movement in the deficit has advised that academies, in general, have seen their deficits increase considerably this year due to the fall in corporate bond yields, particularly after Brexit.

The overall reduction in funds for the year was therefore £944k as noted on the SoFA.

At 31 August 2016, the net book value of fixed assets was £31m and movements in tangible fixed assets are shown in note 13 to the financial statements. During the year the assets were used exclusively for providing education and the associated support services to the pupils of the academy.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2016

Financial and risk management objectives and policies

The School does not use complex financial instruments. It manages its activities using cash and various items such as trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the trust's financial activities are liquidity risk and interest rate risk:

Liquidity risk - the School manages its cash resources, including sufficient working capital, so that its bank ledger balance is available to the finance team for monitoring at all times and is always taken into account when making payments.

Interest rate risk - the School currently has its current accounts which bring in a small amount of interest and has taken out two short-term higher rate interest bearing accounts in order to maximise income.

Principal risks and uncertainties

The School monitors the principal risks and has drawn up a risk register which is regularly reviewed.

Reserves policy

The trustees review the reserve levels of the School annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of free cash should be equivalent to four weeks expenditure, approximately £500,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Financial position

The academy had fund balances at 31 August 2016 of £29.3m comprising £31.4m of restricted fixed asset funds, £411k of other restricted funds, £500k of unrestricted funds, and a pension reserve deficit of £3.05m.

The deficit on the Local Government Pension Scheme reserve does not mean that an immediate liability crystallises. The substantial increase in the year has been explained in the financial review above, and this deficit does not mean that an immediate liability crystallises. The accounting deficit has no direct effect on the employer contribution rate paid by the school, which is determined using longer-term funding assumptions.

PLANS FOR FUTURE PERIODS

The School's plans for the future in both the medium and long term are included in the School Improvement Plan, which is reviewed regularly. Key plans include:

- Attainment & Achievement: Examination results – Positive Value added scores for all GCSE and A level subjects. 60% of entries at GCSE to be A* or A with 20% being at A*. For A level results - 28% of entries to be A* or A grade and 60% A* to B grade. Academic Standards: Improve student outcomes and increase the proportion of students' who progress to higher education.
- Teaching & Learning. At least 95% of lessons to be judged as Outstanding or Good (with at least 30% as Outstanding); lesson observation and sharing good practice to focus firstly on developing questioning techniques and secondly on planning activities which have greater challenge and excitement.
- Student focus: Focused tracking of student groups (particularly Pupil Premium, FSM, SEN, Girls and Boys Upper ability); challenge weeks to stretch all students via probing questioning and activity planning.
- Curriculum Change and assessment: Prepare, implement and embed new schemes of work in KS3, KS4, KS5. Prepare, implement and embed new assessment procedures in KS3, KS4.
- Business focus: maximising the marketing of the school and pupil success and extra curricular activities through media platforms; extending outreach/inreach programmes across all departments; control and manage finances in a period of sustained funding restrictions.
- Finance & Personnel:
 - i) Monitor Academy budget ensuring sound operational surplus/contingency; explore options for operational economies & savings within budget lines and of income generation; maximise opportunities presented by wider association of academies/other partner schools for economies of scale, benchmarked Value for Money purchases of goods & services;

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2016

ii) Monitor & promote student recruitment; review & adjust teaching group sizes, staffing budget & timetable deployments to ensure viable cost-effective arrangements which will maintain a balanced budget; review and where necessary modify staffing structures to maintain sustainable leadership & management.

- The Learning Environment:

i) Implement and monitor (minor works) changes to the buildings which support the operations of the main school sites, ensuring that these are completed on time, to the required standard and within the assigned budget. As/when further financial resources become available (i.e. from successful bids to the DfE's CIF Fund), to develop and implement additional elements of this plan.

ii) Disposal of the "Red House" site to fund further improvements.

iii) Disposal of Newington Fields to fund further improvements.

iv) Improve Science, Technology and Mathematics resources with the view to building a new STEM building at Chatham House (lower school site).

v) Improve Physical Education and sports resources with the view to building a new Sports Centre and Multi-use games Area (MUGA) at Chatham House (lower school site)

vi) Improve the buildings at Chatham House (lower school site) and Clarendon House (upper school site) with the grant of £2.14m awarded by the CIF fund in March 2015.

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the School's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the School's auditors are aware of that information.

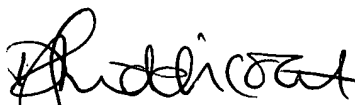
AUDITORS

The auditors, UHY Hacker Young, have indicated their willingness to remain in office, and the audit process will be reviewed in detail and re-appointment of the auditors will be considered following the forthcoming Annual General Meeting.

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 13 December 2016 and signed on the board's behalf by:



Mr. R.A. Bath,
Chair of Trustees



Mrs. D. Liddicoat
Accounting Officer

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Chatham & Clarendon Grammar School has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Chatham & Clarendon Grammar School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the trustees' responsibilities statement. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr. R.A. Bath, Chair of Trustees	6	6
Mr. S. Wren, Chair of Finance & Resources	5	6
Mr. D.D. Harris, Responsible Officer	6	6
Mr. D. Gullick	2	6
Mr. W. Hammond	4	6
Mrs. R. Hewett, Staff Trustee	5	6
Mrs. J. King	6	6
Mr. J. Laven, Staff Trustee	4	6
Mrs. D. Liddicoat, Headteacher	6	6
Ms. C. Togher	3	6
Ms. C. Tonkin Jukes, Staff Trustee	5	6
Ms. R. Travers	6	6
Mr. J. Waker	6	6
Mr. R. Walton	4	6

This has been a stabilising year for trustees with no new appointments or resignations. The good news is that with recent elections and appointments, the board has been strengthened and as at 31 August 2016 there were only two vacancies for co-opted trustees.

During the 2013/2014 academic year the Board carried out a skills audit of all trustees. They also conducted an internal review as a result of which the Curriculum and Welfare committees were combined from 1 September 2014. The Board also reviewed their monitoring and a new system was put in place part way through the year. This new system still needs further review. Skill gaps were identified and recruitment and training will be targeted to fill these gaps. An external evaluation was not carried out due to the deferment of the Governor Mark application process but will be reconsidered for 2016/17.

The Finance and Resources Committee is a sub-committee of the main board of trustees. Its purpose is to monitor and guide financial activity of the School and to ensure resources are properly used.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs. D. Liddicoat, Headteacher	6	6
Mr. S. Wren, Chair of Finance & Resources	5	6
Mr. D. Gullick	5	6
Mr. J. Laven, Staff Trustee	4	6
Ms. C. Togher	4	6
Mr. J. Waker	6	6

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Governance Statement (continued)

The audit committee is a further sub-committee of the main board of trustees. Its purpose is to maintain an oversight of the School's governance, risk management, internal control and value for money framework. It will report its findings regularly to the board of Trustees and the Accounting Officer as a critical element of the School's annual reporting requirements.

The Audit Committee has no executive powers or operational responsibilities/duties. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs. J. King	3	3
Mr. D.D. Harris	3	3
Mr. R. Walton	3	3

Review of Value for money

As Accounting Officer, the Headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Monitoring expenditure in detail to ensure savings could be achieved through thorough market testing. In one example alone a saving of £111,000 has been achieved through market testing the provision of Architectural services which will enable the school to undertake up to ten further minor building projects with the savings accrued;
- Negotiating with the provider of cleaning services to the school. The Accounting officer has achieved an annual saving of £24,500 for the next two years (£49,000 in total) within the school's cleaning contract; and
- Reviewing the school's photocopier arrangements will save £6,000 per year for the next five years (£30,000 in total).

The savings from points two and three above will help improve the level of curriculum resources within the school.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Chatham & Clarendon Grammar School for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Governance Statement (continued)

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Mr. D. Harris, a trustee, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The School confirms that the Responsible Officer function has been fully delivered in line with the EFA's requirements. The appointee has delivered their schedule of work as planned during the year and no significant issues have arisen. Remedial action has been taken to deal with any minor points and recommendations.

Review of Effectiveness

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

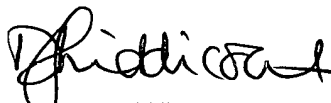
- the work of the Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Chief Financial Officer and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 13 December 2016 and signed on their behalf, by:



Mr. R.A. Bath
Chair of Trustees



Mrs. D. Liddicoat
Accounting Officer

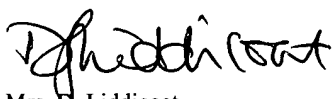
Chatham & Clarendon Grammar School
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Chatham & Clarendon Grammar School I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.



Mrs. D. Liddicoat
Accounting Officer

Date: 13 December 2016

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Statement of Trustees' Responsibilities
For the Year Ended 31 August 2016

The trustees of Chatham & Clarendon Grammar School (who are also the directors of the academy trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the academy trust and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy trust will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the academy trust's transactions and disclose with reasonable accuracy at any time the financial position of the academy trust and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the academy trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the academy trust applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the academy trust's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees and signed on its behalf by:



Mr. R.A. Bath, Chair of Trustees

Date: 13 December 2016

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Independent Auditors' Report on the Financial Statements to the Members of Chatham & Clarendon Grammar School

We have audited the financial statements of Chatham & Clarendon Grammar School for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members, as a body, those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust's members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' responsibilities statement, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

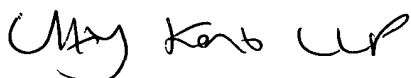
Chatham & Clarendon Grammar School
(A company limited by guarantee)

Independent Auditors' Report on the Financial Statements to the Members of Chatham & Clarendon Grammar School

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept ; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Allan Hickie BSc FCA (Senior statutory auditor)
for and on behalf of

UHY Kent LLP
Chartered Accountants
Registered Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 19 December 2016

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to Chatham & Clarendon Grammar School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 25 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Chatham & Clarendon Grammar School during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Chatham & Clarendon Grammar School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Chatham & Clarendon Grammar School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Chatham & Clarendon Grammar School and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Chatham & Clarendon Grammar School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Chatham & Clarendon Grammar School's funding agreement with the Secretary of State for Education dated 17 December 2010, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of Chatham & Clarendon Grammar School for the year ended 31 August 2016 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

- an assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to Chatham & Clarendon Grammar School and the Education Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

UHY Kent LLP

UHY Kent LLP
Chartered Accountants
Reporting Accountants
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: *19 December 2016*

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Statement of Financial Activities Incorporating Income and Expenditure Account
For the Year Ended 31 August 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Income from:						
Donations and capital grants	2	42,221	7,655	1,482,072	1,531,948	159,665
Charitable activities	5	300,806	6,341,974	-	6,642,780	7,111,884
Other trading activities	3	28,905	-	-	28,905	19,598
Investments	4	4,187	-	-	4,187	4,177
Total income		376,119	6,349,629	1,482,072	8,207,820	7,295,324
Expenditure on:						
Charitable activities		289,097	6,882,402	790,707	7,962,206	7,861,346
Total expenditure	6	289,097	6,882,402	790,707	7,962,206	7,861,346
Net income / (expenditure) before investment gains		87,022	(532,773)	691,365	245,614	(566,022)
Net gains on investments	14	347	-	-	347	-
Net income / (expenditure) before transfers		87,369	(532,773)	691,365	245,961	(566,022)
Transfers between Funds	18	(67,740)	(13,984)	81,724	-	-
Net income / (expenditure) before other recognised gains and losses		19,629	(546,757)	773,089	245,961	(566,022)
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(1,190,000)	-	(1,190,000)	54,000
Net movement in funds		19,629	(1,736,757)	773,089	(944,039)	(512,022)
Reconciliation of funds:						
Total funds brought forward		480,383	(904,596)	30,708,055	30,283,842	30,795,864
Total funds carried forward		500,012	(2,641,353)	31,481,144	29,339,803	30,283,842

The notes on pages 22 to 39 form part of these financial statements.

Chatham & Clarendon Grammar School**(A company limited by guarantee)****Registered number: 07455452****Balance Sheet****As at 31 August 2016**

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	13		31,067,971		30,708,055
Investments	14		21,943		21,596
			<u>31,089,914</u>		<u>30,729,651</u>
Current assets					
Debtors	15	231,045		195,835	
Cash at bank and in hand		1,480,912		1,327,278	
		<u>1,711,957</u>		<u>1,523,113</u>	
Creditors: amounts falling due within one year	16	(328,735)		(328,336)	
Net current assets			<u>1,383,222</u>		<u>1,194,777</u>
Total assets less current liabilities			<u>32,473,136</u>		<u>31,924,428</u>
Creditors: amounts falling due after more than one year	17		(81,333)		(34,586)
Net assets excluding pension scheme liabilities			<u>32,391,803</u>		<u>31,889,842</u>
Defined benefit pension scheme liability	23		(3,052,000)		(1,606,000)
Net assets including pension scheme liabilities			<u>29,339,803</u>		<u>30,283,842</u>
Funds of the academy					
Restricted income funds:					
General Annual Grant funds	18	395,549		651,258	
Other restricted funds	18	15,098		50,146	
Fixed asset funds	18	31,481,144		30,708,055	
		<u>31,891,791</u>		<u>31,409,459</u>	
Restricted income funds excluding pension liability					
Pension reserves		(3,052,000)		(1,606,000)	
		<u></u>		<u></u>	
Total restricted income funds			28,839,791		29,803,459
Unrestricted income funds	18		500,012		480,383
Total funds			<u>29,339,803</u>		<u>30,283,842</u>

The financial statements were approved by the trustees, and authorised for issue, on 13 December 2016 and are signed on their behalf, by:



Mr. R.A. Bath
Chair of Trustees

The notes on pages 22 to 39 form part of these financial statements.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	20	1,313,904	397,012
Cash flows from investing activities:			
Dividends, interest and rents from investments		4,187	4,177
Purchase of tangible fixed assets		(1,150,623)	(196,002)
Net cash used in investing activities		(1,146,436)	(191,825)
Cash flows from financing activities:			
Repayments of borrowings		(13,834)	(13,835)
Net cash used in financing activities		(13,834)	(13,835)
Change in cash and cash equivalents in the year		153,634	191,352
Cash and cash equivalents brought forward		1,327,278	1,135,926
Cash and cash equivalents carried forward	21	1,480,912	1,327,278

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

1. Accounting Policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Chatham & Clarendon Grammar School constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

It is the first period that the academy trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014.

As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards, however generally the impact of these has had no effect on comparative figures.

The main impact has therefore been to change the presentation of certain items in the accounts in order to comply with the new legislation, notably:

- i) capital grants are now shown in a donations and capital grants row on the Statement of Financial Activities, rather than within incoming resources from charitable activities; and
- ii) governance costs are now included with support costs, within costs of charitable activities, instead of appearing on a separate line on the Statement of Financial Activities.
- iii) under old UK GAAP commitments for the next year were disclosed in respect of operating leases. Now, under FRS 102 and SORP 2015, the total of future minimum lease payments is disclosed (see note 24).

The comparative figures have been restated only in respect of the recognition of LGPS interest costs. Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £38,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount. There is therefore no impact on the brought forward fund position or net movement in funds in the comparative period.

1.2 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Education Funding Agency.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

1. Accounting Policies (continued)

1.3 Income

All income is recognised once the academy trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Charitable activities and Governance costs are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

1.5 Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements..

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

1. Accounting Policies (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2%
Plant and machinery	-	15%
Motor vehicles	-	25%
Fixtures and fittings	-	25%
Computer equipment and software	-	33.33%

1.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

1.8 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.9 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy trust; this is normally upon notification of the interest paid or payable by the Bank.

1.10 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

1. Accounting Policies (continued)

1.12 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.13 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.14 Financial instruments

The academy trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.15 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

1. Accounting Policies (continued)

1.16 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Income from donations and capital grants

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	42,221	7,655	-	49,876	128,811
Capital Grants	-	-	1,482,072	1,482,072	30,854
	<u>42,221</u>	<u>7,655</u>	<u>1,482,072</u>	<u>1,531,948</u>	<u>159,665</u>
Total donations and capital grants	42,221	7,655	1,482,072	1,531,948	159,665

In 2015, of the total income from donations and capital grants, £128,811 was to unrestricted funds and £30,854 was to restricted funds

3. Trading activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Charity trading income				
Lettings	18,525	-	18,525	19,598
Other income	10,380	-	10,380	-
	<u>28,905</u>	<u>-</u>	<u>28,905</u>	<u>19,598</u>
Net income from trading activities	28,905	-	28,905	19,598

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

4. Investment income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	4,187	-	4,187	4,177

In 2015, of the total investment income, £4,187 was to unrestricted funds and £Nil was to restricted funds.

5. Funding for Academy's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	6,051,713	6,051,713	6,569,935
Other DfE/EFA grants	-	233,029	233,029	224,834
	-	6,284,742	6,284,742	6,794,769
Other government grants				
Other government grants	-	56,850	56,850	19,948
	-	56,850	56,850	19,948
Other funding				
Other grants	-	-	-	16,731
School trips	233,949	-	233,949	256,020
Other income	66,857	382	67,239	24,416
	300,806	382	301,188	297,167
	300,806	6,341,974	6,642,780	7,111,884

In 2015, of the total income from charitable activities, £280,436 was to unrestricted funds and £6,831,448 was to restricted funds.

6. Expenditure

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Academy's educational activities:					
Direct costs	4,595,780	642,112	744,413	5,982,305	5,892,630
Support costs	1,043,779	520,536	415,586	1,979,901	1,930,716
	5,639,559	1,162,648	1,159,999	7,962,206	7,823,346

In 2016, of the total expenditure, £289,097 (2015 - £309,830) was to unrestricted funds and £7,673,109 (2015 - £7,513,516) was to restricted funds.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

7. Direct costs

	Academy's educational operations	Total 2016	Total 2015
	£	£	£
Books, apparatus and stationery	161,769	161,769	213,987
Examination fees	174,997	174,997	177,502
Staff development	21,257	21,257	19,674
Educational consultancy	4,582	4,582	12,217
Other direct costs	37,441	37,441	32,003
School trips	235,307	235,307	240,212
Wages and salaries	3,687,551	3,687,551	3,665,317
National insurance	314,817	314,817	258,188
Pension cost	593,412	593,412	523,005
Depreciation	751,172	751,172	750,525
	5,982,305	5,982,305	5,892,630

8. Support costs

	Academy's educational operations	Total 2016	Total 2015
	£	£	£
Recruitment and support	149,071	149,071	169,691
Maintenance of premises and equipment	113,670	113,670	146,212
Cleaning	133,779	133,779	155,063
Rent and rates	58,451	58,451	50,610
Heat and light	138,469	138,469	138,859
Insurance	38,626	38,626	53,943
Security	3,746	3,746	4,846
Transport	14,364	14,364	9,065
Catering	35,377	35,377	33,844
Technology costs	76,897	76,897	82,859
Brought in professional services	48,381	48,381	67,551
Bank interest and charges	156	156	96
Other support costs	74,545	74,545	74,334
Governance costs	11,055	11,055	9,925
Wages and salaries	588,650	588,650	626,660
National insurance	41,792	41,792	40,886
Pension cost	413,337	413,337	264,771
Depreciation	39,535	39,535	39,501
	1,979,901	1,979,901	1,968,716

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

9. Net incoming resources/(resources expended)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the academy trust	790,707	790,026
Auditors' remuneration - audit	7,625	7,605
Auditors' remuneration - other services	3,430	2,320
Operating lease rentals	45,361	45,927
	<u> </u>	<u> </u>

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

10. Staff costs

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	4,249,659	4,279,462
Social security costs	356,609	299,074
Pension costs	1,006,749	787,776
	<u>5,613,017</u>	<u>5,366,312</u>
Supply teacher costs	26,542	12,515
Staff restructuring costs	87,143	17,417
	<u><u>5,726,702</u></u>	<u><u>5,396,244</u></u>

Staff restructuring costs comprise:

Redundancy payments	26,562	17,417
Additional LGPS payments due on early retirement	60,581	-
	<u>87,143</u>	<u>17,417</u>

The average number of persons employed by the academy trust during the year was as follows:

	2016	2015
	No.	No.
Teachers	85	87
Administration and support	64	68
Management	7	7
	<u>156</u>	<u>162</u>

Average headcount expressed as a full time equivalent:

	2016	2015
	No.	No.
Teachers	74	76
Administration and support	42	43
Management	7	7
	<u>123</u>	<u>126</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2016	2015
	No.	No.
In the band £ 60,001 - £ 70,000	2	1
In the band £ 70,001 - £ 80,000	1	1
In the band £ 80,001 - £ 90,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £48,034 (2015: £31,590).

The key management personnel of the academy trust comprise the trustees and the senior management team. The total amount of employee benefits (including employer pensions contributions) received by key management personnel for their services to the academy trust was £524,729 (2015: £475,998 - costs reduced due to maternity leave).

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

11. Trustees' and Officers' Insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

12. Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

		2016 £	2015 £
Mrs. D. Liddicoat, Headteacher	Remuneration	85,000-90,000	85,000-90,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Ms. C. Tonkin Jukes	Remuneration	35,000-40,000	35,000-40,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Mrs. R. Hewett	Remuneration	20,000-25,000	15,000-20,000
	Pension contributions paid	0-5,000	0-5,000
Mr. J. Laven (2015: 8 months)	Remuneration	35,000-40,000	20,000-25,000
	Pension contributions paid	5,000-10,000	0-5,000

During the year, no trustees received any benefits in kind (2015 - £NIL).

During the year, one trustee received a reimbursement of travel expenses of £14 (2015 - £102).

13. Tangible fixed assets

	Freehold land and buildings £	Fixtures, fittings, plant and machinery £	Computer equipment and software £	Total £
Cost				
At 1 September 2015	33,510,780	506,213	624,017	34,641,010
Additions	1,024,495	59,271	66,857	1,150,623
At 31 August 2016	34,535,275	565,484	690,874	35,791,633
Depreciation				
At 1 September 2015	3,111,330	288,248	533,377	3,932,955
Charge for the year	675,907	61,759	53,041	790,707
At 31 August 2016	3,787,237	350,007	586,418	4,723,662
Net book value				
At 31 August 2016	30,748,038	215,477	104,456	31,067,971
At 31 August 2015	30,399,450	217,965	90,640	30,708,055

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

14. Fixed asset investments

	Listed securities	
	£	
Market value		
At 1 September 2015		21,596
Revaluations		347
		<u>21,943</u>
At 31 August 2016		<u><u>21,943</u></u>
Investments at market value comprise:		
	2016	2015
	£	£
Listed investments (managed funds)	21,943	21,596
	<u>21,943</u>	<u>21,596</u>

All the fixed asset investments are held in the UK

15. Debtors

	2016	2015
	£	£
Recoverable VAT	69,600	50,147
Other debtors	44,776	7,993
Prepayments and accrued income	116,669	137,695
	<u>231,045</u>	<u>195,835</u>
	<u><u>231,045</u></u>	<u><u>195,835</u></u>

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

16. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Other loans	13,835	13,835
Trade creditors	18,293	36,614
Other taxation and social security	105,400	92,484
Other creditors	27,249	18,813
Accruals and deferred income	163,958	166,590
	<u>328,735</u>	<u>328,336</u>
	2016	2015
	£	£
Deferred income		
Deferred income at 1 September 2015	76,937	86,251
Resources deferred during the year	88,982	76,937
Amounts released from previous years	(76,937)	(86,251)
	<u>88,982</u>	<u>76,937</u>
Deferred income at 31 August 2016	<u>88,982</u>	<u>76,937</u>

Deferred income included above relates to rates income collected from pupils in advance of trips taking place during the 2016-17 academic year, unspent 16-19 bursary income received from the EFA and rates grant income relating to 2016/17.

17. Creditors:
Amounts falling due after more than one year

	2016	2015
	£	£
Other loans	20,752	34,586
Accruals and deferred income	60,581	-
	<u>81,333</u>	<u>34,586</u>

The other loan balance in creditors (both due within one year and falling due after more than one year) relates entirely to an interest free Salix funding loan for energy efficiency improvements.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

18. Statement of funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Equipment fund	49,970	-	-	(36,422)	-	13,548
General funds						
Unrestricted general fund	430,413	376,119	(289,097)	(31,318)	347	486,464
Total Unrestricted funds	480,383	376,119	(289,097)	(67,740)	347	500,012
Restricted funds						
General Annual Grant	651,258	6,051,713	(6,400,474)	93,052	-	395,549
Other DfE/EFA revenue grants	48,609	233,029	(178,193)	(103,445)	-	-
Other government grants	1,537	56,850	(45,709)	(3,209)	-	9,469
Other restricted income	-	8,037	(2,026)	(382)	-	5,629
Pension reserve	(1,606,000)	-	(256,000)	-	(1,190,000)	(3,052,000)
	(904,596)	6,349,629	(6,882,402)	(13,984)	(1,190,000)	(2,641,353)
Restricted fixed asset funds						
Restricted fixed asset fund	30,708,055	-	-	359,916	-	31,067,971
Capital fund	-	1,482,072	(790,707)	(278,192)	-	413,173
	30,708,055	1,482,072	(790,707)	81,724	-	31,481,144
Total restricted funds	29,803,459	7,831,701	(7,673,109)	67,740	(1,190,000)	28,839,791
Total of funds	30,283,842	8,207,820	(7,962,206)	-	(1,189,653)	29,339,803

The specific purposes for which the funds are to be applied are as follows:

(i) General Annual Grants ("GAG") must be used for the normal running costs of the School.

(ii) The other DfE/EFA grants fund is used to track grants provided by the DfE and related bodies, and includes, Pupil Premium, and 16-19 Bursary. The pupil grants have been used to enhance the learning of disadvantaged pupils by subsidising school trips, purchasing uniform, and providing staffing for learning support at GCSE.

(iii) The other government grants fund is used to track grants provided by government departments other than the DfE/EFA and includes grants received from Kent County Council such as Music Support Grant. The balance carried forward is in respect of Pupil Premium for looked after children received from the local authority.

iv) The other restricted income fund has been used to track other streams of restricted income which cannot be included in funds noted above. The balance carried forward relates to the Grand Auction proceeds.

(v) The pension reserves relates to the School's share of the deficit of the Local Government Pension Schemes overseen by its

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

18. Statement of funds (continued)

Local Authority.

(vi) The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The balance of £413,173 on the capital fund comprises £408,193 of unspent CIF grants and £4,980 of unspent devolved capital grants. The net transfer of £81,724 into the restricted fixed asset fund relates to capital purchases made from Other EFA/DfE grants, the designated fund and insurance proceeds recorded in the general unrestricted fund.

(vii) The designated equipment fund is an unrestricted fund earmarked by the trustees for a specific purpose. A donation was received from a former pupil of the school in the previous year, and, although there is no formal restriction on their use, these funds have been designated for expenditure on new cricket nets, minibuses and science equipment. The transfer of £36,422 out of the designated fund relates to capital expenditure transferred to the restricted fixed asset fund.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

19. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	31,067,971	31,067,971	30,708,055
Fixed asset investments	21,943	-	-	21,943	21,596
Current assets	509,697	789,087	413,173	1,711,957	1,523,113
Creditors due within one year	(31,628)	(297,107)	-	(328,735)	(328,336)
Creditors due in more than one year	-	(81,333)	-	(81,333)	(34,586)
Provisions for liabilities and charges	-	(3,052,000)	-	(3,052,000)	(1,606,000)
	<u>500,012</u>	<u>(2,641,353)</u>	<u>31,481,144</u>	<u>29,339,803</u>	<u>30,283,842</u>

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2016 £	2015 £
Net income/(expenditure) for the year (as per Statement of financial activities)	245,961	(566,022)
Adjustment for:		
Depreciation charges	790,707	790,026
Gains on investments	(347)	-
Dividends, interest and rents from investments	(4,187)	(4,177)
Increase in debtors	(35,210)	(18,731)
Increase in creditors	60,980	53,512
Defined benefit pension scheme cost less contributions payable	194,000	103,000
Defined benefit pension scheme finance cost	62,000	61,000
Inherited investments	-	(21,596)
Net cash provided by operating activities	<u>1,313,904</u>	<u>397,012</u>

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

21. Analysis of cash and cash equivalents

	2016	2015
	£	£
Cash in hand	1,480,912	1,327,278
Total	<u>1,480,912</u>	<u>1,327,278</u>

22. Capital commitments

At 31 August 2016 the academy trust had capital commitments as follows:

	2016	2015
	£	£
Contracted for but not provided in these financial statements (CIF works)	<u>1,140,092</u>	<u>-</u>

23. Pension commitments

The academy trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Kent County Council. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

23. Pension commitments (continued)

16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £564,749. (2015: £437,776).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £243,000 (2015: £243,000), of which employer's contributions totalled £186,000. (2015: £186,000) and employees' contributions totalled £57,000 (2015: £57,000). The agreed contribution rates until 1 April 2017 are 23.1% for employers and 5.5 and 7.5% for employees. The trust is currently waiting to hear confirmation of the rates which will apply from 1 April 2017.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	4.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2016	2015
Retiring today		
Males	22.9	22.8
Females	25.3	25.2
Retiring in 20 years		
Males	25.2	25.1
Females	27.7	27.6

Both the discount rate applied on the defined benefit obligation and the mortality assumption are subject to a degree of subjectivity, and the following sensitivity analysis (shown on a combined basis to include both schools) indicates the impact of a small change in either the discount rate of mortality assumptions:

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

23. Pension commitments (continued)

	£	£	£
Adjustment to discount rate:	+0.1%	0.0%	-0.1%
- Present value of total obligation	3,479,000	3,556,000	3,635,000
- Projected service cost	281,000	287,000	293,000
Adjustment to mortality age rating assumption:	+ 1 year	None	- 1 year
- Present value of total obligation	3,653,000	3,556,000	3,461,000
- Projected service cost	294,000	287,000	280,000

The academy trust's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	<i>Fair value at 31 August 2015 £</i>
Equities	1,577,000	1,321,000
Other bonds	249,000	213,000
Property	327,000	262,000
Gilts	21,000	19,000
Cash	56,000	51,000
Target return portfolio	101,000	84,000
Total market value of assets	2,331,000	1,950,000

The actual return on scheme assets was £284,000. (2015: £43,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £	<i>2015 £</i>
Current service cost (net of employee contributions)	(284,000)	(289,000)
Net interest cost	(62,000)	(61,000)
Past service cost	(96,000)	-
Total	(442,000)	(350,000)

Movements in the present value of the defined benefit obligation were as follows:

	2016 £	<i>2015 £</i>
Opening defined benefit obligation	3,556,000	3,217,000
Current service cost	284,000	289,000
Interest cost	142,000	131,000
Contributions by employees	57,000	57,000
Change in financial assumptions	1,394,000	(81,000)
Past service costs	96,000	-
Benefits paid	(145,000)	(57,000)
Closing defined benefit obligation	5,384,000	3,556,000

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

23. Pension commitments (continued)

Movements in the fair value of the academy trust's share of scheme assets:

	2016	2015
	£	£
Opening fair value of scheme assets	1,950,000	1,721,000
Interest on assets	80,000	71,000
Actuarial gains and (losses)	204,000	(27,000)
Contributions by employer	186,000	186,000
Contributions by employees	57,000	57,000
Benefits paid	(145,000)	(57,000)
Administration costs	(1,000)	(1,000)
	<u>2,331,000</u>	<u>1,950,000</u>
Closing fair value of scheme assets	<u>2,331,000</u>	<u>1,950,000</u>

24. Operating lease commitments

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016	2015
	£	£
Amounts payable:		
Within 1 year	43,505	40,650
Between 1 and 5 years	61,824	56,808
After more than 5 years	-	2,743
Total	<u>105,329</u>	<u>100,201</u>

25. Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.

26. Ultimate controlling party

The School is run by the management team on a day to day basis. Strategic decisions are made by the trustees. There is no ultimate controlling party.

27. Members' liability

Each member of the academy trust undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.